



# City of San Marcos

630 East Hopkins  
San Marcos, TX 78666

## Workshop Agenda - Final City Council

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Wednesday, June 26, 2019

4:30 PM

City Council Chambers

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### 630 E. Hopkins - Budget Workshop #1

I. Call To Order

II. Roll Call

#### PRESENTATIONS

1. Receive a Staff presentation and hold discussion regarding the preliminary Fiscal Year 2019-2020 Budget, and provide direction to Staff.

III. Adjournment.

**POSTED ON FRIDAY, JUNE 21, 2019 @ 5:15PM**

**JAMIE LEE CASE, TRMC, CITY CLERK**

#### Notice of Assistance at the Public Meetings

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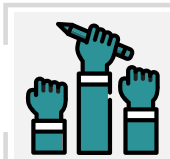
# FY2020 Budget Workshop

## June 26<sup>th</sup> – 27<sup>th</sup>

City of San Marcos | Finance



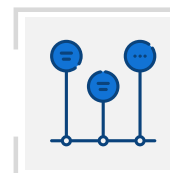
# Budget Workshop Day 1



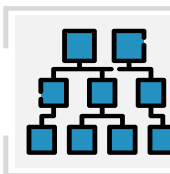
**Revenue Analysis**



**Expenditure Analysis**



**General Fund Capacity /  
Proposed Additions**



**Economic Development  
Reallocation**



**Bond Projects**



# Budget Workshop Day 2

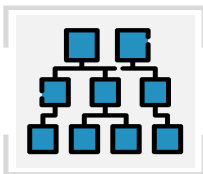
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**Other Major Funds**

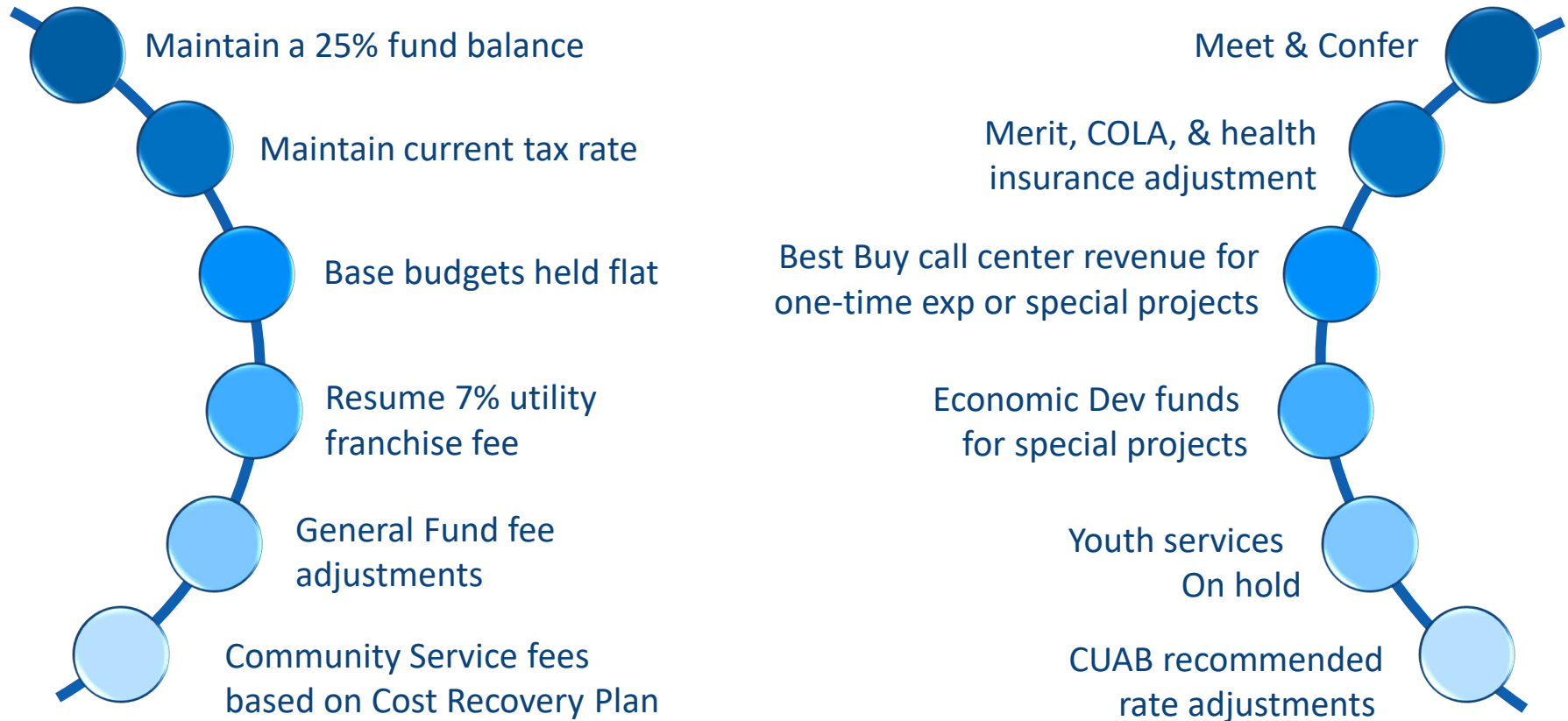


**Enterprise Funds**



**Questions & Discussion**

# Budget Policy Highlights



# Revenue Analysis



# Revenue Highlights



Significant growth  
from economic  
incentivized areas



Less year over year  
growth to fund  
increased operating  
costs as seen in prior  
years

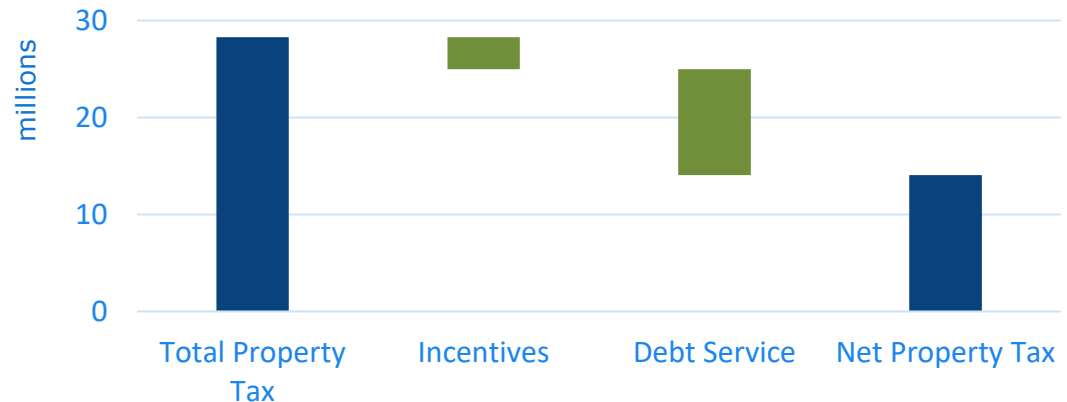
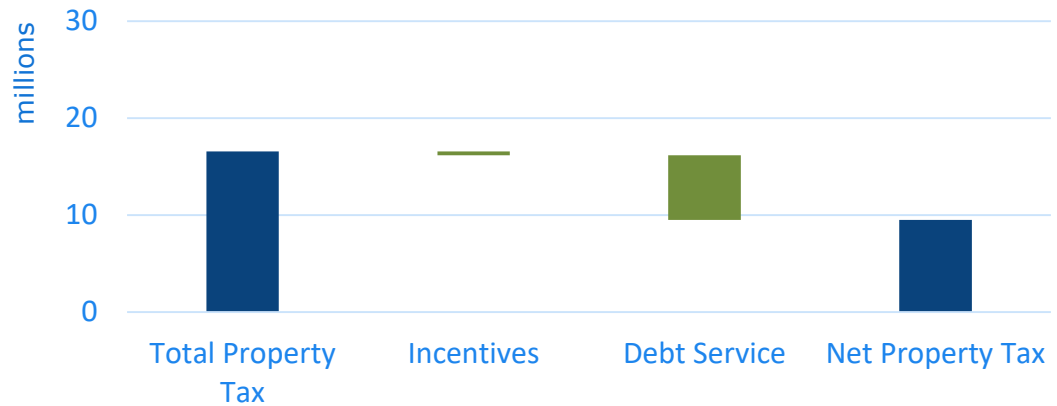


Year over year  
trends are not in  
sync with operating  
areas rising costs

# Property Tax Then & Now

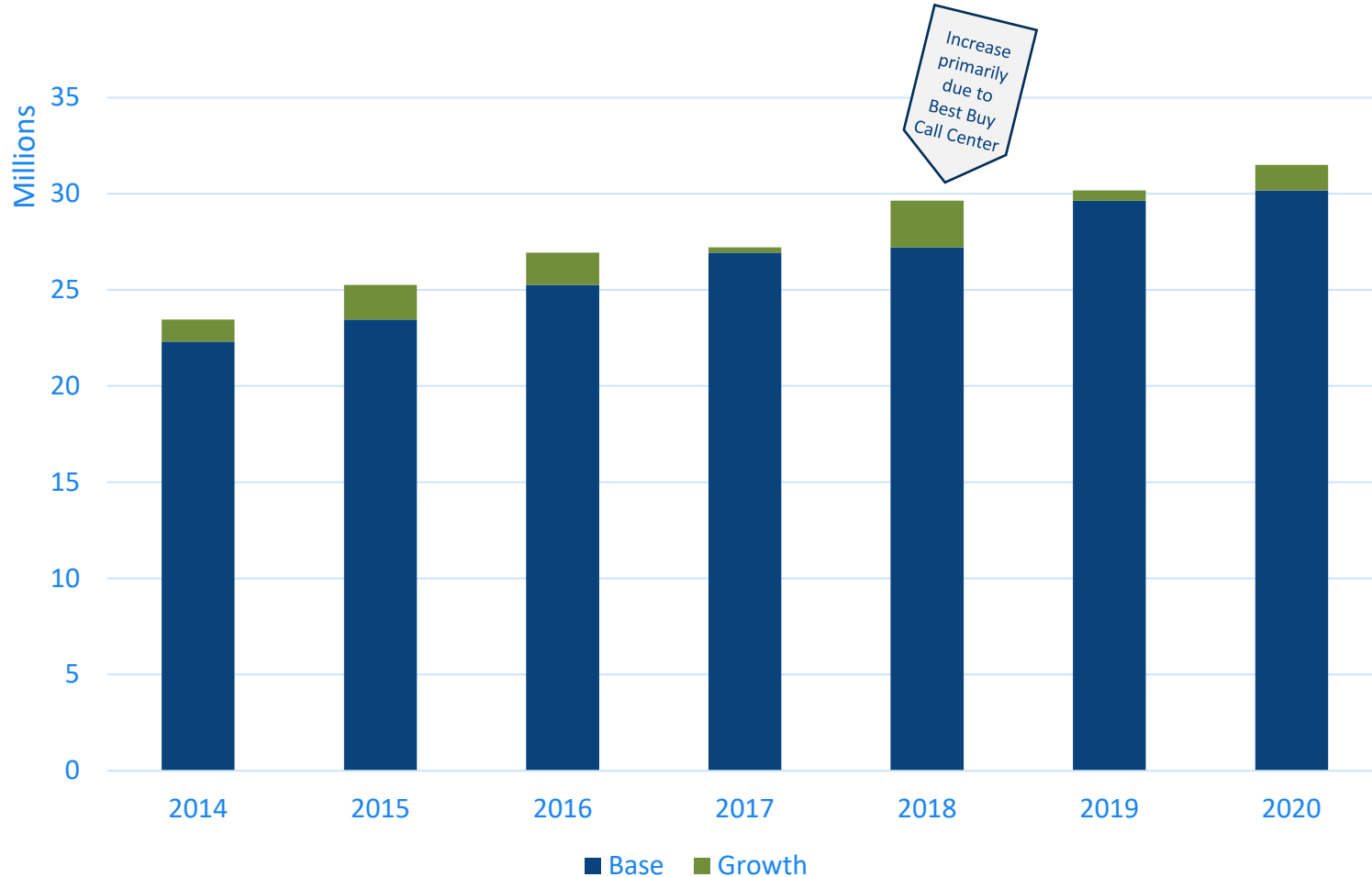


VS



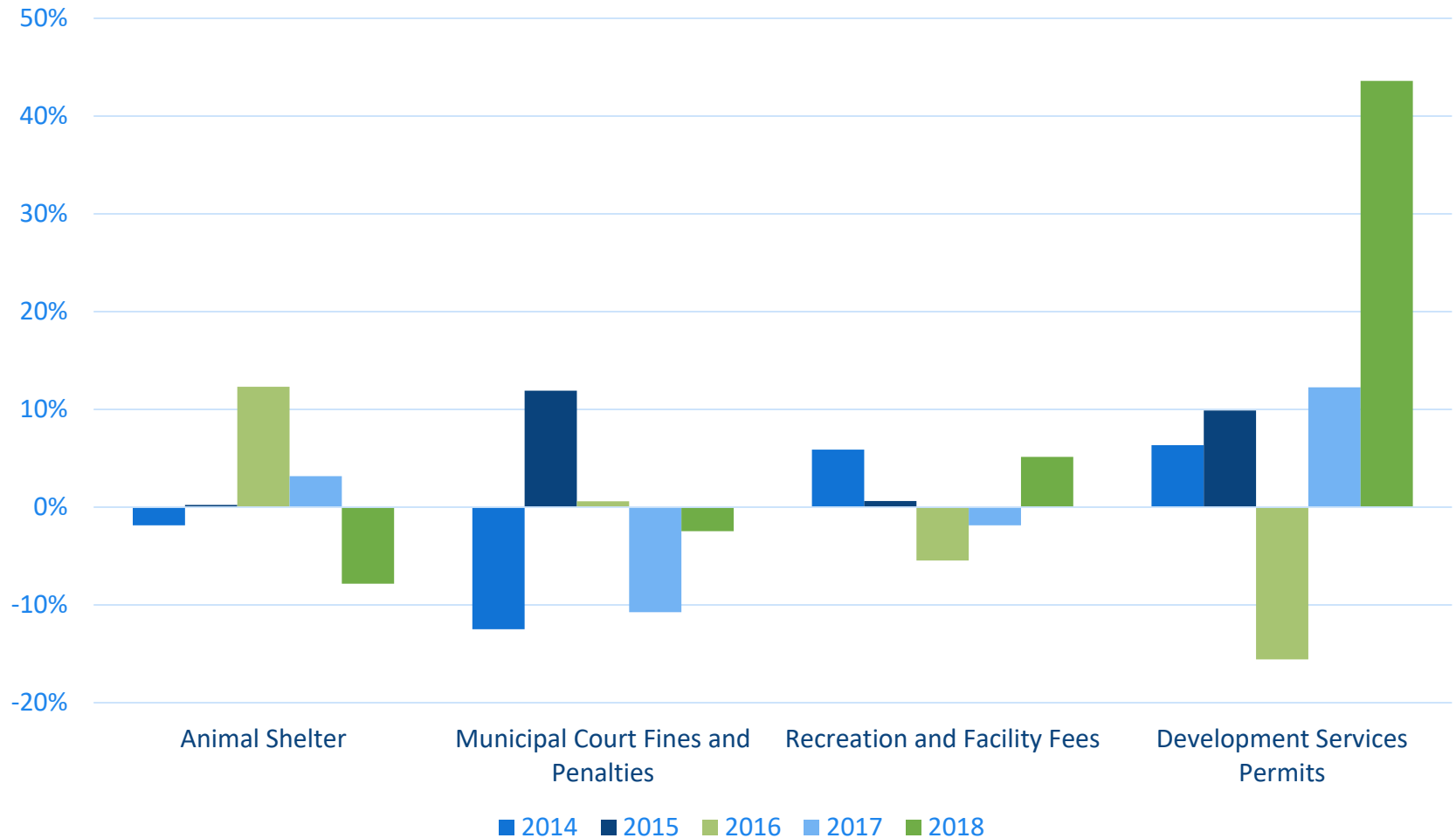
**As San Marcos continues to experience rapid growth we must recognize that financial impact from additional debt financed infrastructure needs, economic incentive obligations, and greater demands on maintenance and operations exceed the net revenue proceeds from property tax.**

# Sales Tax Growth




**Year over year growth in Sales Tax has decreased as compared to prior years resulting in reduced new revenue available to fund growing costs**

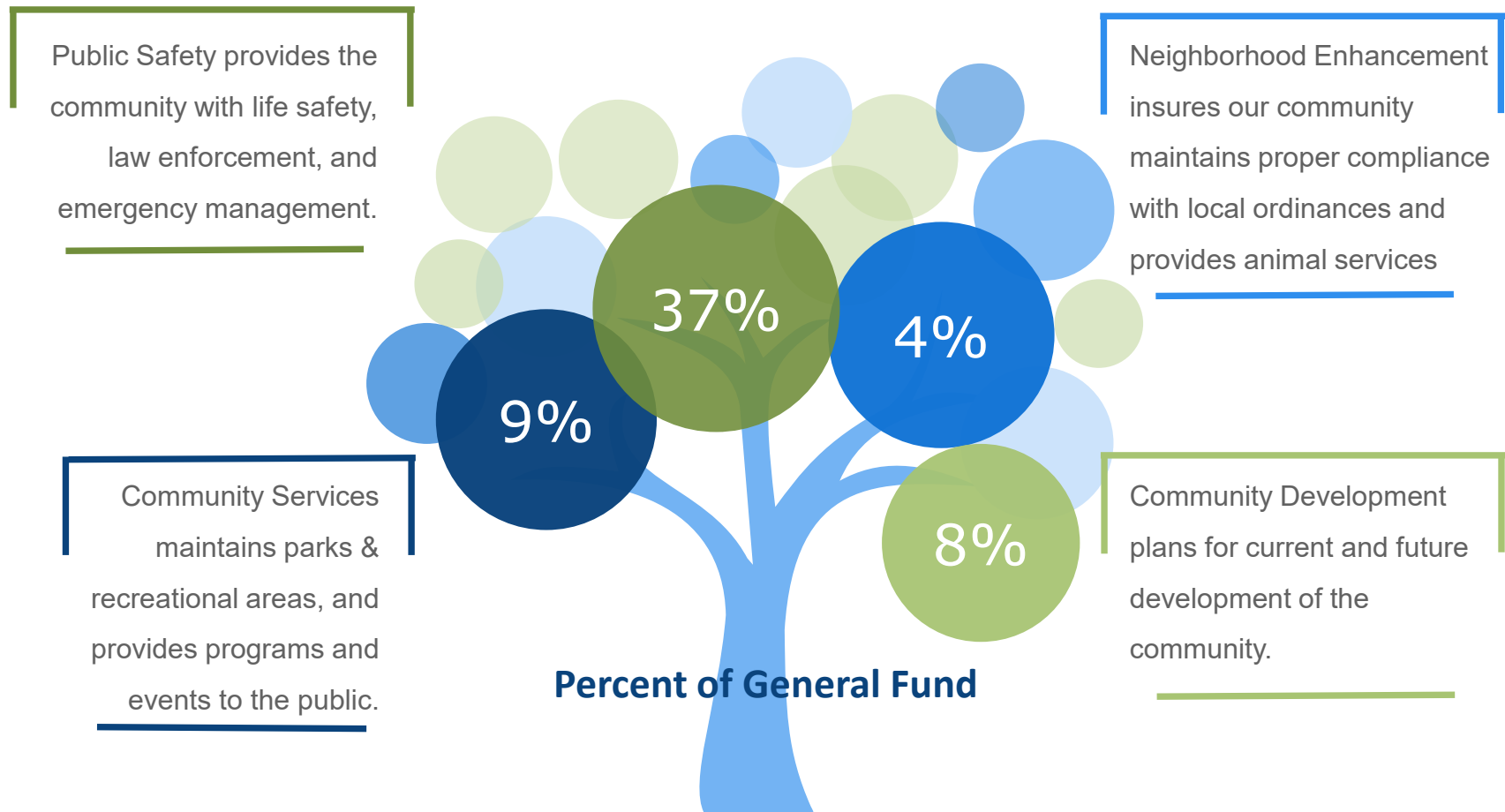
# Annual Growth of User Fees



**Revenue trends from user fees are inconsistent and do not support the growing cost to provide programs and services.**

# **Expenditure Analysis**



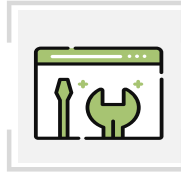


# Neighborhood Enhancement



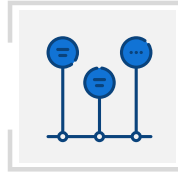
## Animal Rescue

Largest animal rescue in history with 94% animals saved, implementation plan for 90% Live Outcomes



## Neighborhood Vitality

Increased flow of information regarding construction projects and impacts to neighborhoods



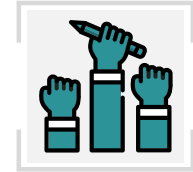
## Environmental Health

Amendments to health code were passed and now compliant with state laws



## Permits

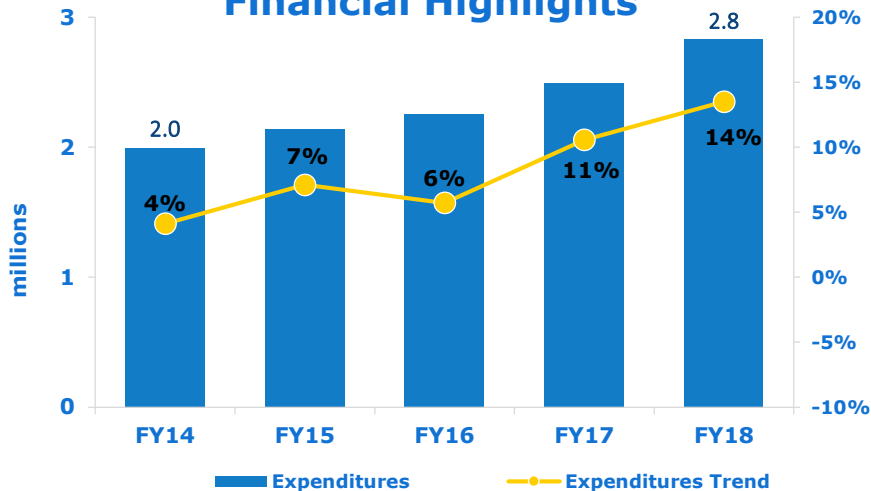
Realized increased efficiency and reduced fees due to the new temporary food permits for Non-profits



## Code Compliance

Creating partnerships has helped property owners become compliant and beautify neighborhoods

## Financial Highlights



## Service Areas

### General Fund

Animal Control  
Animal Shelter  
Code Compliance  
Environmental/Health



## Engineering

\$24M in construction projects completed 89% on schedule with only 5% overage. Secured \$2.5M in loan forgiveness



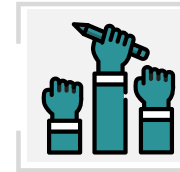
## Planning

Conducted citizen surveys on housing needs, code updates and historic preservation



## Permitting

Online permit process with 85% submittals, streamlined development process



## CDBG

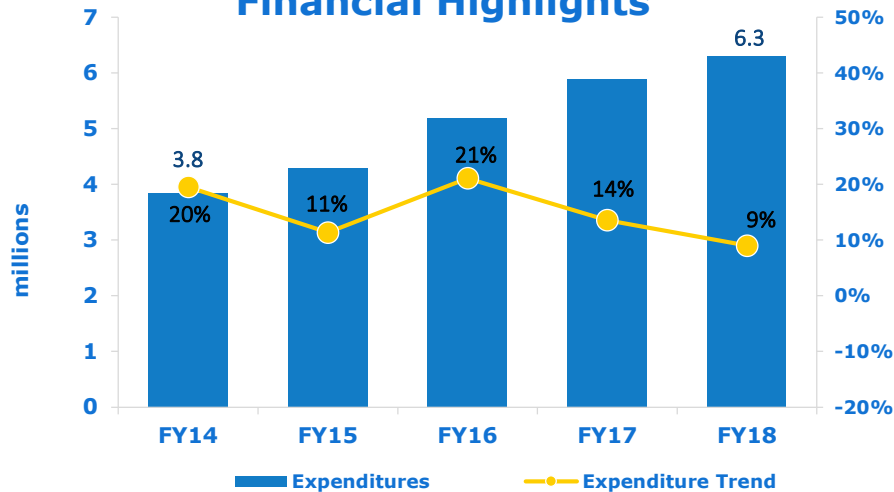
Assisted with home ownership and repairs, neighborhood park renovations, \$57M in disaster recovery funding



## Library

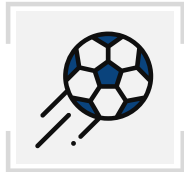
Provided over 800 adult education programs, 21 GEDs, 12 Microsoft cert, enrolled 1,400 children in reading program

## Financial Highlights



## Service Areas

Engineering & CIP  
Real Estate  
Planning & Permitting  
Inspections  
CDBG Administration  
Library



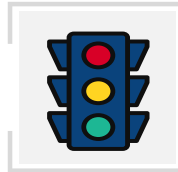
## Youth

Host free events year round such as carnivals, egg hunts, costume contest, and movies in the park



## Sr Programs & Arts

Over 25 unique senior programs annually, 17 Life Long Learning classes, mural arts program



## Transit

Five year strategic plan, implemented city wide nondiscrimination policy



## Fleet

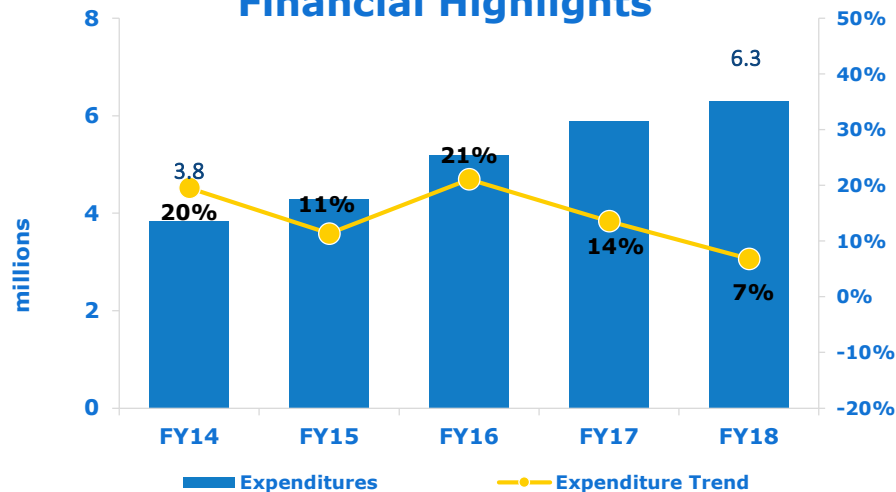
Enterprise leasing program with 159 vehicles reducing operating costs and increasing fuel efficiency



## Parks

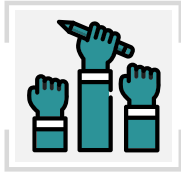
Completed park renovations at Dunbar, Anita Reyes, Dog Park, Adult Softball, Ramon Lucio bridge and baseball canopies

## Financial Highlights



## Service Areas

Parks & Recreation  
 Park Rangers  
 Facilities & Maintenance  
 Fleet  
 Transit  
 Parking Management



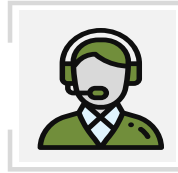
## Community Outreach

EM – Texas Youth Preparedness Camp  
PD – Blue Santa, immigration events w/ Mexican Consulate  
Fire – Citizens Fire Academy, pancakes w/ Santa



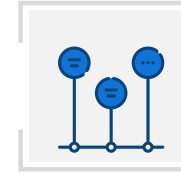
## Training & Education

Fire – 24 fire fighters now state certified for fire prevention to assist in investigations  
EM – preparedness training with EOC  
Additional state mandates for Fire & PD increasing training requirements



## Raising the Bar

Refined SM Emergency Ops Center, emergency dispatch protocols, full transition to federal mandated incident reporting system (PD)



## Expansion of Service

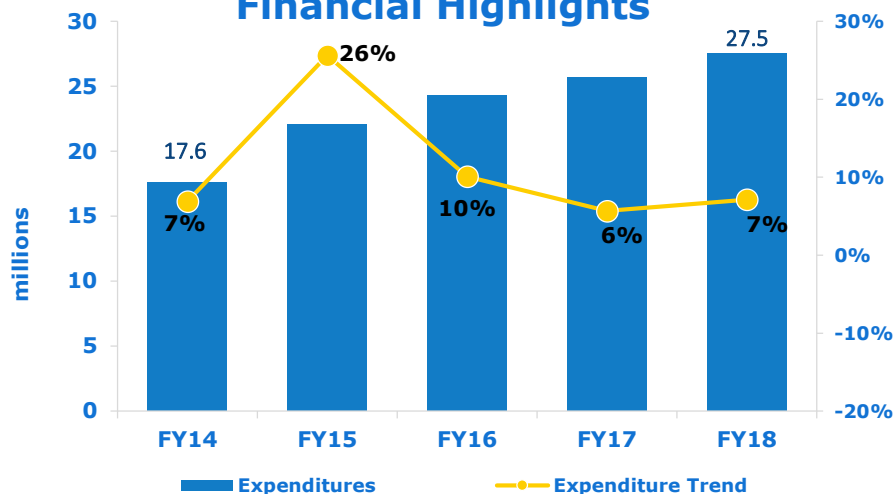
Design of new fire station and renovation of PD



## Fire Prevention

Over 2,300 inspections, scientific forensic based fire investigations, coordinate all Special Events permits

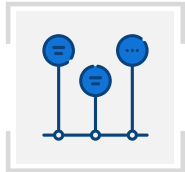
## Financial Highlights



## Service Areas

Emergency Management  
Fire  
Police  
Municipal Court

# Administrative Services



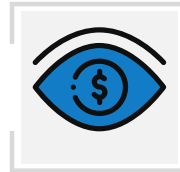
## Outside Agency's

HSAB, CASA, museums, Crime Stoppers



## Events

Over 20k citizens participated in City hosted events



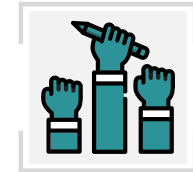
## EMS

Contracted with Hays County EMS for emergency services



## Capital Outlay

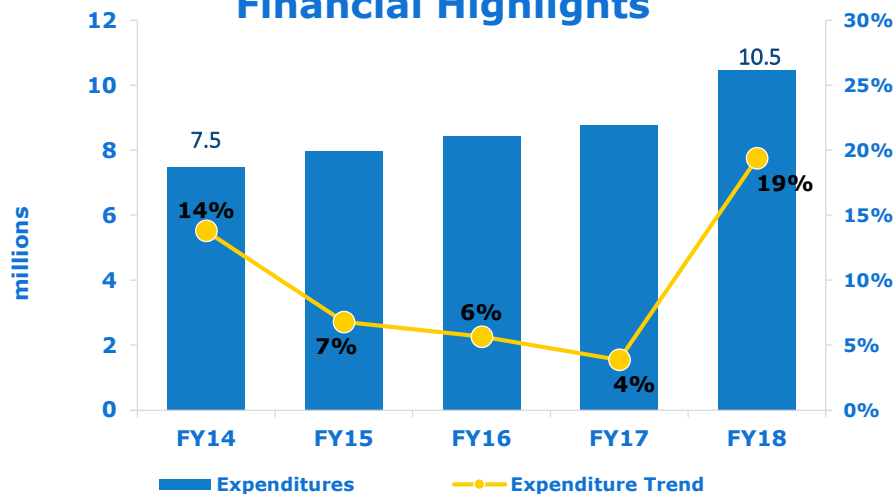
Light duty Fleet Lease program, equipment, facility improvements, PD pursuit vehicle replacement



## General Operations

Facility maintenance & utilities, insurance, tuition reimbursement, software & maintenance

## Financial Highlights



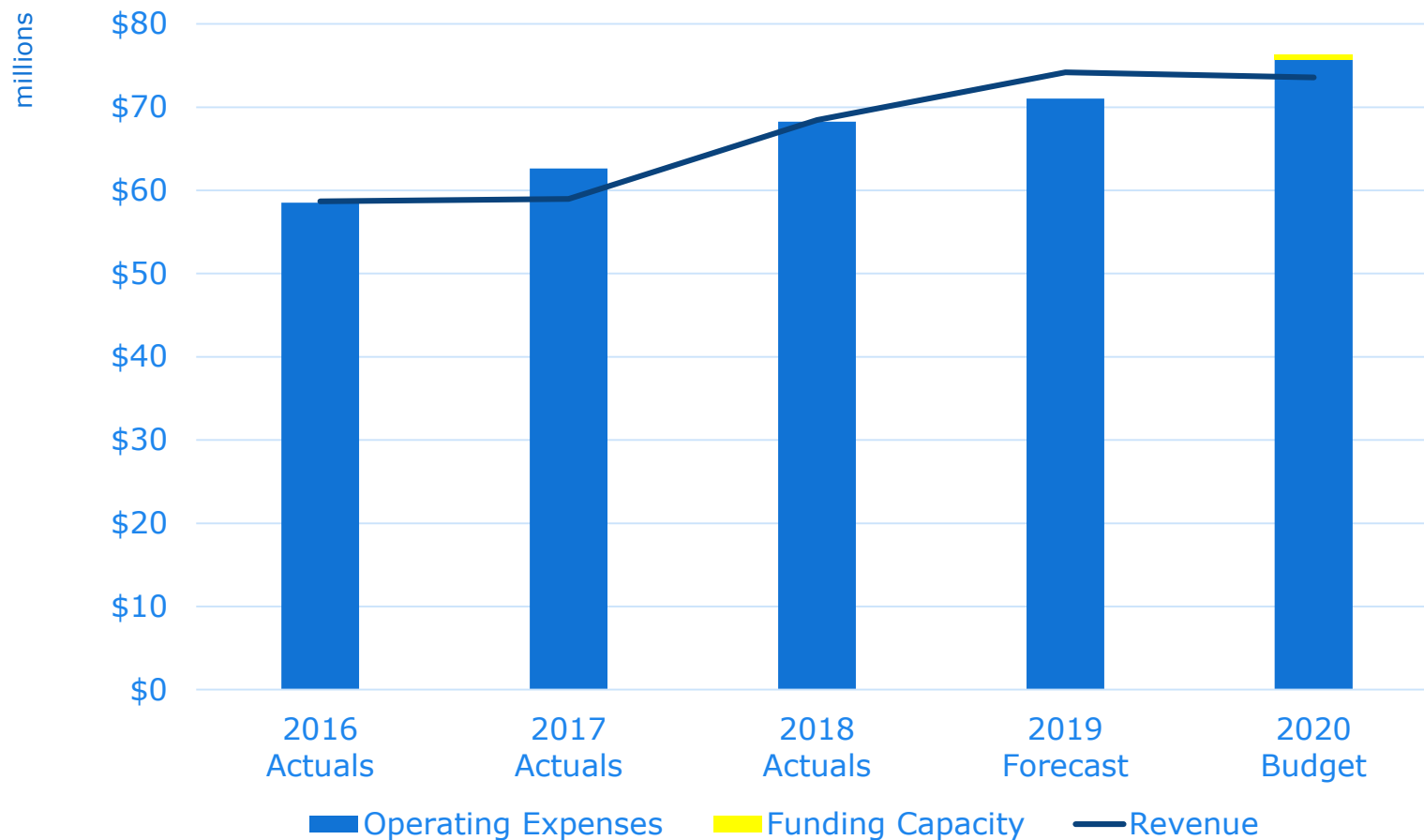
## Service Areas

General Operations  
Legal  
Human Resources  
Finance  
Information Technology  
City Manager's Office  
City Clerk

# General Fund Capacity



# General Fund Capacity



**Current projections indicate \$600,000 available capacity in the General Fund for additional expenditures.**

# Base Budget Assumptions

## FY2020 Budget Assumptions



Meet & Confer



Merit 4%



Insurance 5%

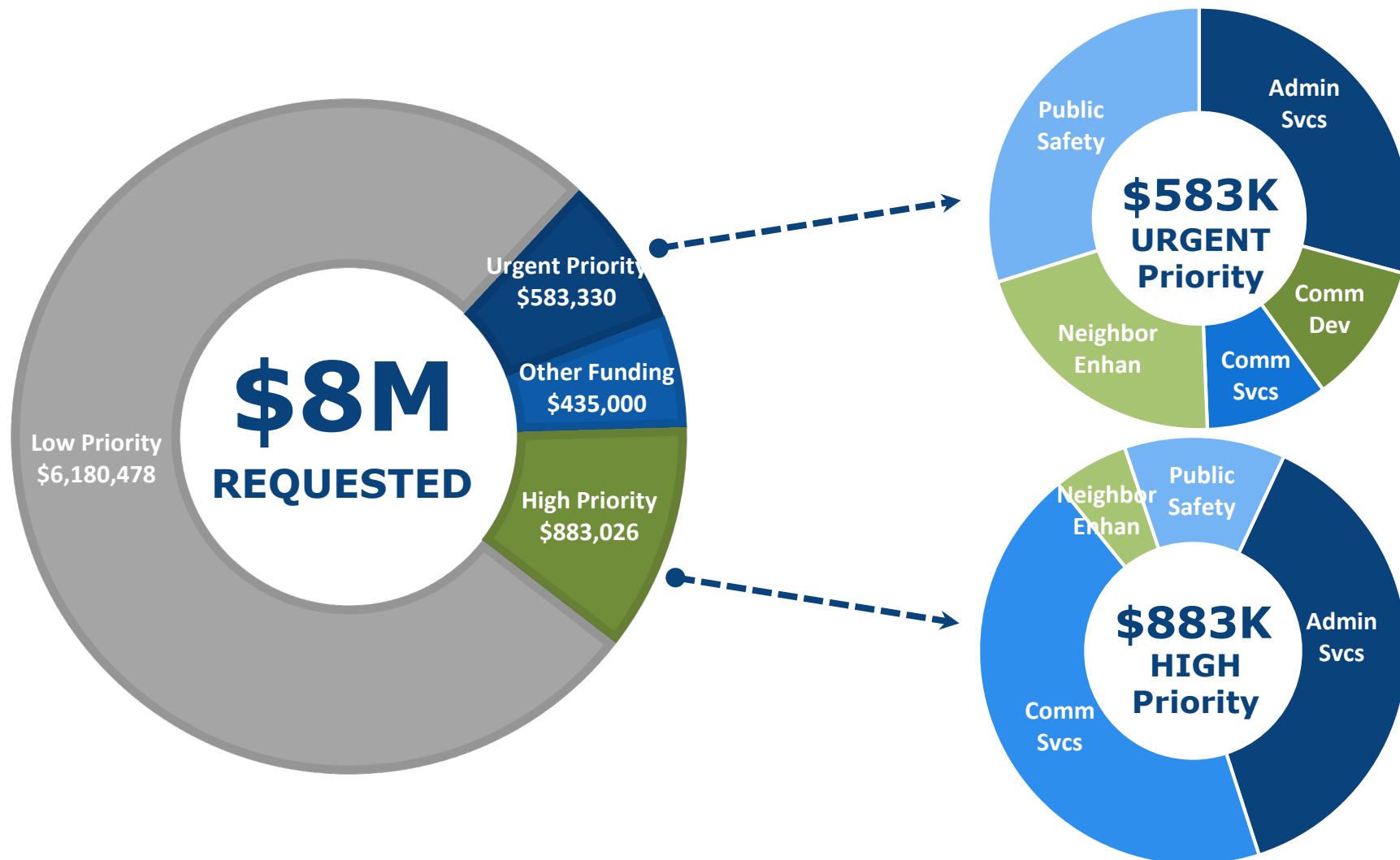


Contractual obligations 5%



Department budgets held flat

# General Fund Capacity



Urgent Priorities have been limited to \$600K capacity of proposed funding , should additional capacity become available the High Priority requests will be considered

# Proposed - Personnel

Department	Position
• City Manager's Office	Management Assistant – FT (half year)
• City Manager's Office	Grant Administrator – FT
• Communications	Video Technician – PT
• Engineering	Watershed Engineer – FT (split with Stormwater Fund)
• Animal Control	Animal Protection Officer, Sr – reclass (half cost)
• Animal Shelter	Adoption Counselor – FT (half cost)
• Animal Shelter	Shelter Technician – FT (half cost)
• Police	Volunteer Program Coordinator – FT (reclass from PT)
• Police	Training/Compliance Coordinator – FT
<b>Total Proposed Personnel:</b>	<b>\$318,120</b>

# Proposed - Operating

Department	Position	Expense
• City Clerk	City Council Chamber Security	\$20,000
• Communications	Professional Development & Travel	\$2,500
• Information Technology:	General Fund portion	
• Hardware	DR – Firewall bundle internet connection	\$13,330
• Software	DR – Firewall bundle yearly maintenance	\$4,000
• Contracted Services	Increase to internet bandwidth	\$6,800
• Library	Professional Development & Travel	\$2,000
• Real Estate	Vehicle lease	\$9,330
• Community Services Admin.	Materials, tools, supplies for Arborist	\$25,000
• Facilities & Ground Maintenance	Landscape maintenance	\$10,000
• Facilities & Ground Maintenance	Contract Services – maintain LED bldg. lights	\$12,000
• Fleet Services	Professional Development – EVT/ASE certifications	\$7,500

# Proposed – Operating Cont'd

Department	Position	Expense
• Animal Shelter:		
• Materials & Supplies	Medical supplies (half cost)	\$24,000
• Contracted Services	Veterinary Services (half cost)	\$11,000
• Materials & Supplies	Volunteer/Foster Program supplies (half cost)	\$5,000
• Professional Services	Temp staff standard staffing needs	\$7,500
• Code Enforcement	Increase to operating costs	\$15,000
• Neighborhood Enhancement Admin	Increase to operating costs	\$8,000
• Neighborhood Enhancement Admin	Austin Tenants Council – Professional Services	\$4,000
• Police	Software – Automated License Plate Reader	\$11,250
• Fire	Paramedic Program (pending program development)	\$67,000
	<b>Total Proposed Operating:</b>	<b>\$265,210</b>

# Proposed – Operating Cont'd

Funding Summary		Expense
• Personnel		\$318,120
• Operating		\$265,210
Grand Total Proposed Expenditures:		\$583, 330

# Proposed – Other Funded Areas

●	Department	Description	Expense
	Library	O&M tax proceeds: Librarian I	\$55,000
	Communications	PEG Funded – video equipment, video editing	\$30,000
	Streets	TIRZ Funded: Downtown Sidewalk	\$350,000
		<b>Total Other Funding:</b>	<b>\$435,000</b>

## Additional Capacity Needed



Over 65 tax freeze



Animal Services partner funding



Community Enhancement Fee



Women's Shelter transitional housing \$400,000

### City Manager Recommendation:

- FY19-Amend budget to fund \$150K with excess sales tax revenue
- FY20 & FY21-Amend budget if revenues are in excess of budget

# **Economic Development Reallocation**



## FY20 Allocation

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- Economic/Business Development Manager
- Economic Development program



**\$200K**

## Accrued Balance

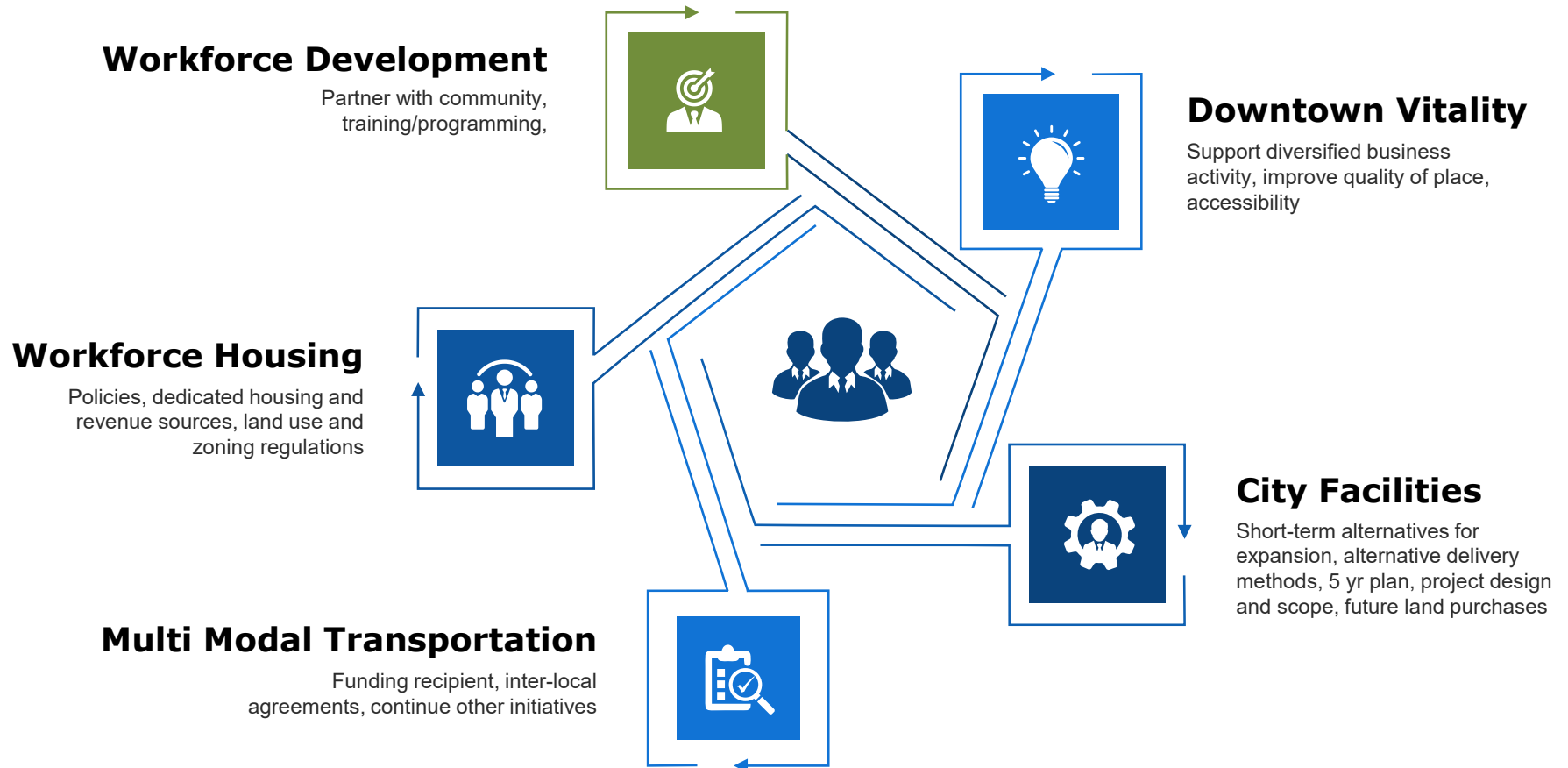
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- Proposed funding to support Strategic Initiatives



**\$800K**

# 2019 Strategic Initiatives



## Workforce Development

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- Scholarship funds
- City facility location
- Marketing



**\$75K**

## Workforce Housing

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- Land acquisition
- Design competition that attracts local architects and builds momentum around the project
- Unsafe structures



**\$325K**

## Downtown Vitality



- Downtown arch
- Landscaping
- Benches
- Art within the sidewalk
- Pedestrian Wayfinding
- Street signage and traffic signal boxes wrapping from local artist



## Multi Modal Transportation

- Design for shared use path River Rd – Thorpe Ln
- Additional bus shelters on Hutchison and Outlet mall

# Bond Program

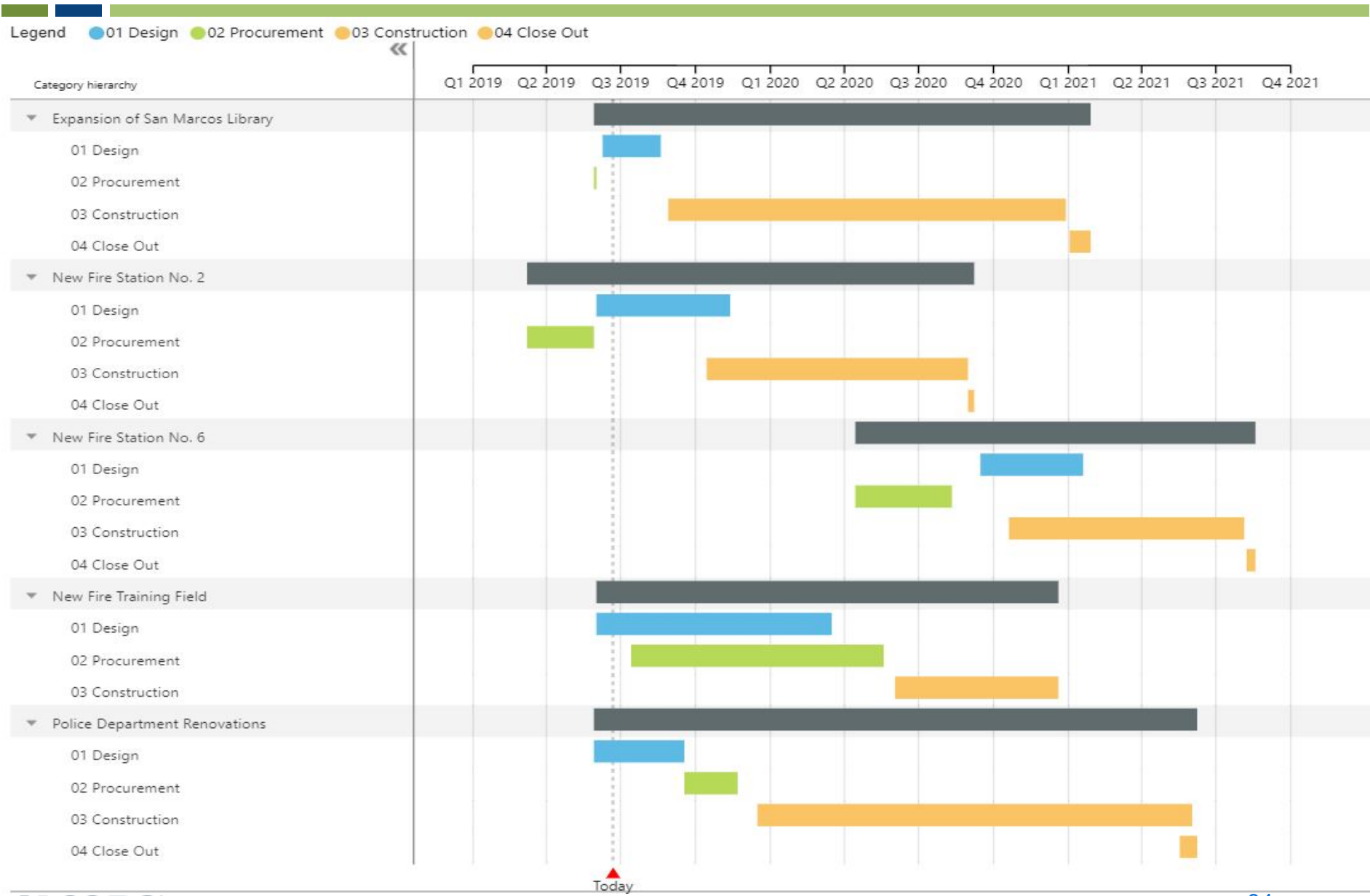


The background image shows a city street scene at sunset. In the foreground, there is a paved walkway leading towards the street. To the left, there are large, leafless trees. To the right, there is a statue of a person on a pedestal. In the background, there are several buildings, including a brick building and a white building with arched windows. The sky is filled with orange and yellow clouds from the setting sun. The overall scene is a mix of urban and natural elements.

## City of San Marcos *Bond Program Status Update*

- Library Addition/ Renovation
- Police Station Addition/Renovations
  - Fire Station 2
  - Fire Station 6
- Fire Training Facility

# Project Schedule Update



# Library Addition/ Renovation



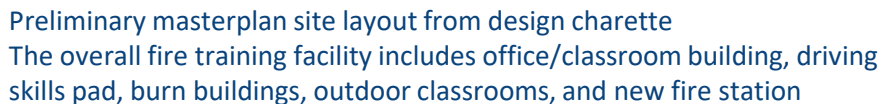
Rendering by PGAL

Total Project Budget	Estimated Total Project Cost
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\$14.6 M

\$15.9 M

- Construction forecasted to begin Fall 2019 per current schedule
- Projected budget overrun due to inflation
- Construction costs have increased approximately 3% annually over the past 3 years
- Project size and scope has remained unchanged, but the original project budget established in 2016 did not account for inflation.
- The City has identified approximately \$1M of additional funds to cover coverage
- The City, Jacobs, and D/B team weighing additional cost savings options through the ongoing design phase



- Abercrombie to provide final draft of the masterplan and site plan for review and comment this week
- Masterplan efforts have identified infrastructure and prioritized training structure that will fit the Phase 1 construction budget (\$1.5 M)
- Once the Masterplan is finalized and approved, Abercrombie will submit a proposal for design services for Phase 1 of construction.
- Once the design is complete, City will issue the Phase 1 project in a Close Sealed Proposal Solicitation

# New Fire Station 2 & 6



Using the new Fire Station #4 design as a prototype for new stations

	Estimated Total Project Cost
Fire Station 2	\$5.3 Million
Fire Station 6	\$6.8 Million

- Latest construction cost estimate from the Design-Build team for the same structure is approximately 15% higher than the final construction cost for FS 4.
- FS 2 estimated cost increase is primarily due to additional needed sitework
- The City, Jacobs, and Design Build team are currently weighing cost savings options to get the construction cost closer to the initial budget and include a 4th bay in the scope.
- FS 6 Design Build solicitation not scheduled to be published until later in 2020, but publishing the solicitation ASAP may help mitigate additional project cost escalation.



Rendering by KGA Architects

\*Please note the following for reference:

- City of Garland has an upcoming project for a new PD facility worth \$23M
- City of New Braunfels has an upcoming project for a new PD facility worth \$36M

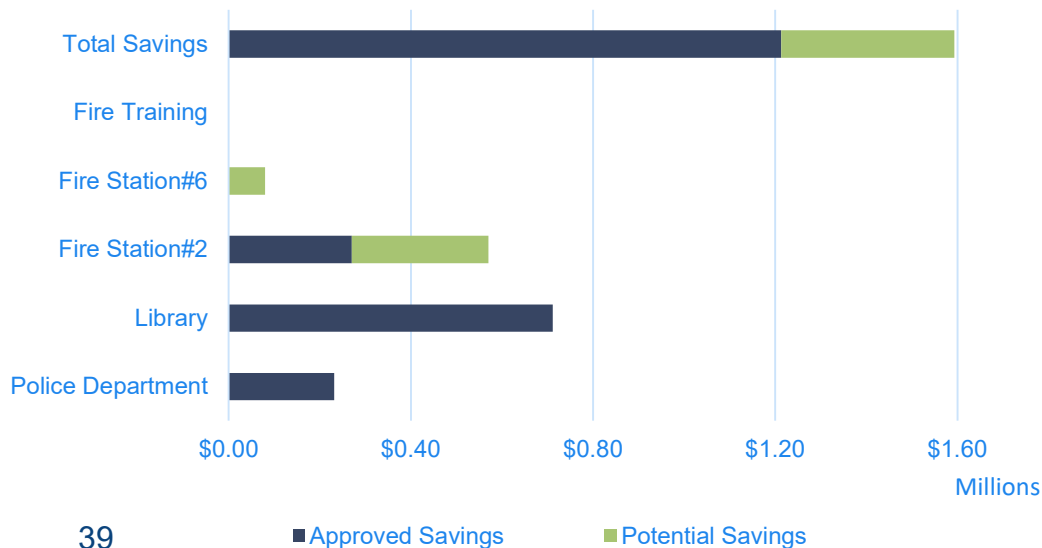
Total Project Budget	Estimated Total Project Cost
\$5.6 M	\$11.6 M*

- Project budget was based on a construction estimate that did not include design fees/project soft costs and the budget did not factor inflation (approximately \$2.0M)
- The project budget did not account for ADA accessibility and fire safety renovations required by Code (approximately \$1.0M)
- Cost allocated for site improvements and the SWAT building was significantly less than the latest construction estimate (approximately \$2.0M)
- Facility's mechanical system issues have grown since the initial assessment. The system is past its expected life cycle and in need of a full replacement (approximately \$1.5M)
- Planning a strategy to add supplemental funds via CIP budget in the upcoming years to provide full scope

# Cost Savings To-Date

Bond Program Savings Summary	Column1
Total Approved Savings	\$1,213,344.61
Total Pending/ Potential Savings	\$380,000.00
Total	\$1,593,344.61

## COSM Bond Savings Tracker



- On average JACOBS was able to help the City successfully negotiate approximately 20% savings on design-builder fee proposals received for FS 2 and Library.
- The team was able to successfully negotiate \$230K of savings from KGA's initial proposal for design services for the Police Department.
- Other savings have been captured by vetting proposals received, for geotechnical services and land survey services.
- Forecasted potential savings based on expediting the FS 6 project and vetting initial construction estimates on FS 2 for inefficiencies.

# Day Two



- **Other Major Funds**
- **Enterprise Funds**
- **Wrap Up**
- **Discussion**

# Other Major Funds



# Other Major Funds



Recruited conference with over 1,700 attendees, 2022 Texas Downtown Association. \$3.1M reinvested in downtown



Hosted inaugural Go-Wheels-Up event with over 4,000 attendees



Over 300k lbs trash & 23k lbs recycled through community cleanup events, 400+ graffiti instances removed, 92 illegal dumping instances cleaned



Provided counseling, clinical assessments, supplemental foods and immunizations to eligible members of the community

- Fiscal Year 2019 Revenue is trending above budget
- Recommending reinstating full expense budget for fiscal year 2019 due to increase in revenue collections
- Conservative 1% increase in revenue for fiscal year 2020
- Recommend holding operating expenses flat with the exception of personnel and contractual obligations

Revenue for Current Programs	
FY18 Revenue	\$2,367,000
FY19 Revenue Forecast	\$2,539,000
FY20 Budget	\$2,531,000

Current Programs	FY20
CVB	\$1,647,400
Main Street	\$ 390,900
Tanger Marketing Program	\$ 150,000
Downtown Marketing Coop	\$ 30,000
Eco Tourism	\$ 40,000
Sports Tourism	\$ 60,000
Tourist/Transportation	\$ 10,000
Mural Program	\$ 35,000
Arts Project/Permanent Art	\$ 250,000
Conference Center Repairs	\$ 10,000
<b>Total:</b>	<b>\$2,613,300</b>

## Arts Commission-Total Requested Increase \$54,550

- \$12,500 increase for Art Projects
- \$12,500 increase for Permanent Art
- \$39,550 increase to move Art Coordinator to full time from part time

# Airport Fund

Revenue	FY20 Budget
FY19 Budgeted Revenue	\$646K
Hanger, Shelter, and Land Rentals	\$ 39K
Fuel Flowage Fee/Gross Receipts	\$ 5K
<b>Total Budgeted Revenue</b>	<b>\$690K</b>

Expenses	FY20 Budget
FY19 Budgeted Expenses	\$646K
TAP Contract/Incentive Expense	\$ 17K
Rent Incentives	\$ 27K
<b>Total Budgeted Expenses</b>	<b>\$690K</b>

Requests	
City Owned Facility Repair and Maintenance	\$100K
Runway Signage and Striping	\$ 50K
Airport Marketing	\$ 25K
Runway Pavement Crack Sealing	\$150K
SUV Lease	\$9K
<b>Total</b>	<b>\$334K</b>

- No transfer from the General Fund is required
- If revenue budgets are not achieved, the General Fund will have to make up shortage.

# Resource Recovery Fund

Revenue	FY20	Expenses	FY20
FY19 Budgeted Revenue	\$4.4M	FY19 Budgeted Expenses	\$4.4M
Additional revenue generated by customer growth and rate adjustment	\$0.4M	Contracted Services- Trash/Recycling	\$0.3M
		Other Expenses	\$0.1M
<b>Total Budgeted Revenue</b>	<b>\$4.8M</b>	<b>Total Budgeted Expenses</b>	<b>\$4.8M</b>

- Residential rates adjusted .88 cents per month, \$10.51 annually
- Multifamily rates adjusted .34 cents per month, \$4.09 annually
- Both rates increased .15 cents per month to build reserve for the future relocation of the Household Hazardous Waste Facility

Operating Expenses	One-time / Recurring	Annual Cost
Program Coordinator – Reclassification	Recurring	\$17,500
Vehicle – Tommy lift flat bed truck lease	Recurring	\$13,500
<b>Total Resource Recovery Funding:</b>		<b>\$31,000</b>

# Enterprise Funds



## Utilities



Dept submitted budget requests



Consultants prepare rate model considering: growth factors, ops increases, future CIP & capital needs



Rate model output presented to CUAB (Citizen Utility Advisor Board)



CUAB prepares rate recommendations for Council



# **Water / Wastewater Fund FY20**

## Rate Recommendation



Rate Study underway. Results of modeling will be presented at August Budget Workshop



CUAB will receive results in July and make a recommendation to City Council for rate adjustment



Expect that rate adjustment will follow long term plan of 3%-5%



All proposed expenses will be included in modeling to evaluate effect on rates

## Debt Service and Potential Rate Adjustments from FY19 Rate Modeling

	FY19	FY20	FY21	FY22	FY23
Revenue	\$43.2M	\$45.9M	\$48.5M	\$51.2M	\$54.1M
Expenses	40.0M	43.2M	43.3M	47.8M	49.8M
Ending Fund Balance	10.0M	10.8M	10.7M	11.9M	12.4M
Weather Stabilization Reserve	3.0M	3.2M	3.4M	3.6M	3.8M
Debt Coverage	1.27	1.16	1.36	1.19	1.23
Potential Rate Adjustment	5% W 2% WW	5% W 2% WW	5% W 3% WW	5% W 3% WW	3% W 3% WW

## Proposed Additional Expenditures

Personnel Expenses	Annual Cost
Equipment Op 2 (reclass)	
Equipment Op 2 (reclass)	
Equipment Op 2 (reclass)	
Crew Leader	
Equipment Op 1	
Equipment Op 1	
Equipment Op 1	
Water Quality Tech	
<b>Total Personnel Expenses:</b>	<b>\$369,050</b>

## Proposed Additional Expenditures

Operating Expenses	One-time / Recurring	Annual Cost
Increase internet bandwidth	Recurring	\$6,800
DR - Firewall bundle - Hardware	One Time	\$13,333
DR - Firewall bundle - Software	Recurring	\$4,000
Funding for arborist to provide tree care, maintenance and removal	Recurring	\$25,000
WQ - Locus Environnemental Information Management software	Recurring	\$18,500
Ipads for field data entry	One Time	\$5,110
WQ - Locus Environnemental Information Management software modules	One Time	\$6,500
<b>Total Operating Expense:</b>		<b>\$79,243</b>

## Proposed Additional Expenditures

Capital Expenses	Annual Cost
Tokay BFP upgrade	\$25,000
MAPS trenchbox	\$25,000
Road Trench Plates	\$10,000
Sonetics wireless headsets	\$18,000
<b>Total Capital Expense:</b>	<b>\$78,000</b>
<b>Funding Summary</b>	
Personnel	\$369,050
Operating	\$79,243
Capital	\$78,000
<b>Total Waster/Wastewater Funding:</b>	<b>\$526,293</b>

# **Electric Fund FY20**



## Rate Recommendation



Rate Study underway. Results of modeling will be presented at August Budget Workshop



CUAB will receive results in July and make a recommendation to City Council for rate adjustment



Expect that no rate adjustment will be needed



All proposed expenses will be included in modeling to evaluate effect on rates

## Proposed Additional Expenditures

Personnel Expenses	Annual Cost
Senior Engineering Tech - reclass	
Lineworker	
Network Administrator	
Application Analyst	
<b>Total Personnel Expenses</b>	<b>\$335,900</b>

## Proposed Additional Expenditures

Operating Expenses	One-time / Recurring	Annual Cost
Software	Recurring	\$4,000
Software	One-time	\$47,000
Hardware	One-time	\$20,133
Contracted Services	Recurring	\$255,800
Contracted Services	One-time	\$7,500
Equipment	One-time	\$2,000
Vehicle Lease & Maintenance	Recurring	\$26,806
Professional Development	Recurring	\$50,710
Arborist supplies	Recurring	\$25,000
<b>Total Operating Expense:</b>		<b>\$428,949</b>

## Proposed Additional Expenditures

Capital Expenses	Annual Cost
Manual Meter Reading System replacement	\$10,000
Bucket Truck for Meter techs	\$145,000
Locator	\$6,500
Crew truck	\$86,000
Cargo Trailer	\$10,000
<b>Total Capital Expenses:</b>	<b>\$275,500</b>

## Proposed Additional Expenditures

Funding Summary		Annual Cost
Personnel		\$335,900
Operating		\$444,949
Capital		\$275,500
<b>Total Electric Fund Expenses:</b>		<b>\$1,038,350</b>

# **Stormwater Fund FY20**

The background features a stylized graphic of a blue wave or river flowing from the top right towards the bottom left, set against a green hillside that slopes upwards from the bottom left towards the top right.

## Rate Recommendation



Rate study significantly complete. Results presented to City Council at work session



Continue to finalize recommendation for new rate structure



Expect to implement new rates in second quarter fiscal year 2020. No rate adjustment October 1.



All proposed expenses will be included in modeling to evaluate effect on rates

## Proposed Additional Expenditures

Personnel Expenses	Annual Cost
Watershed Engineer-FT (split with GF)	
Crew Leader	
Operator 2	
Operator 1	
Operator 1	
<b>Total Personnel Expenses</b>	<b>\$326,850</b>

## Proposed Additional Expenditures

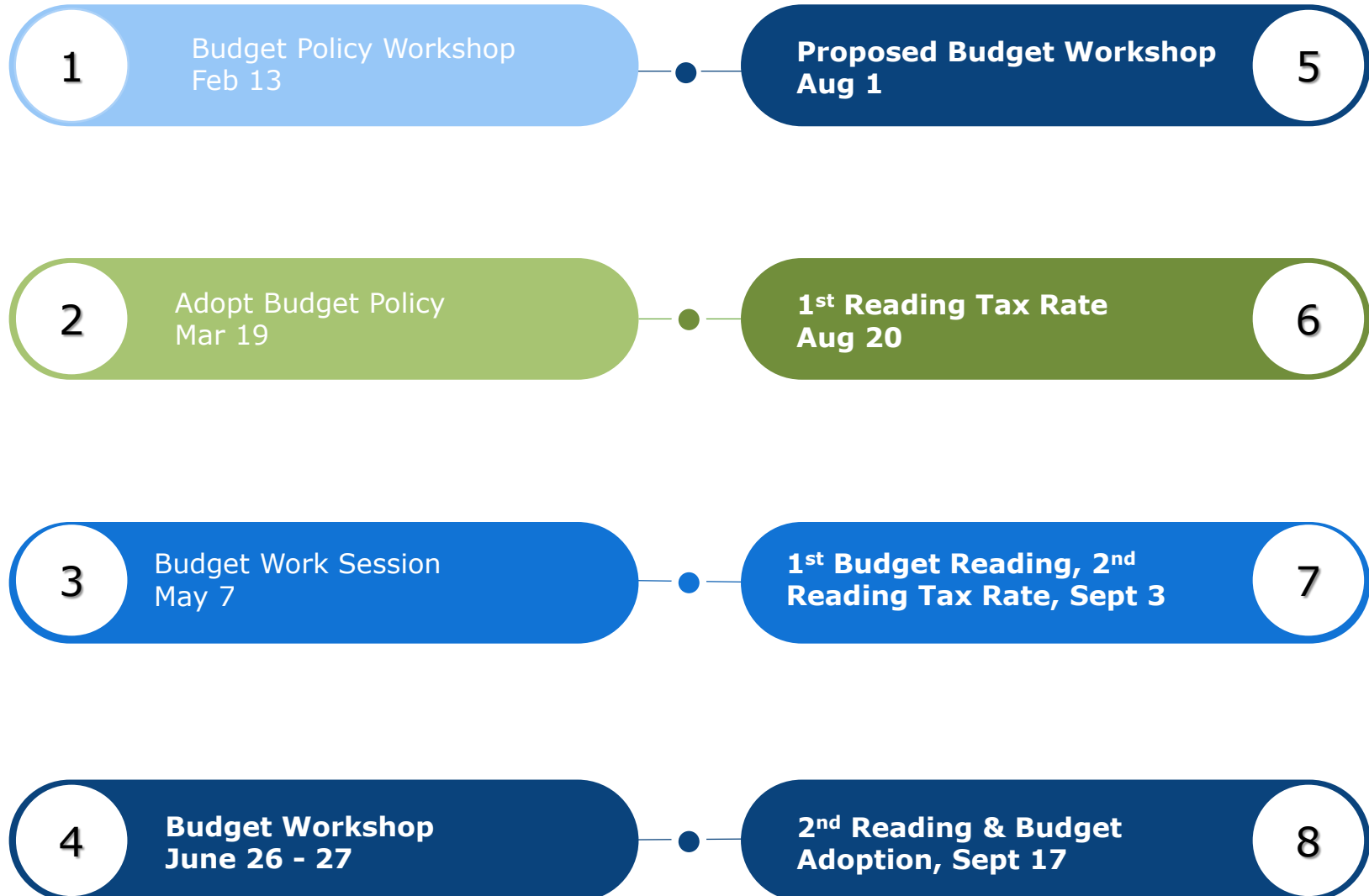
Requested Expenses	One-time / Recurring	Annual Cost
Arborist supplies	Recurring	\$25,000
<b>Total Operating Expense:</b>		<b>\$25,000</b>
Front end wheel loader*		\$170,000
Rover camera and CCTV equipment*		\$160,000
<b>Total Capital Expense:</b>		<b>\$330,000</b>
<b>Funding Summary</b>		
Personnel		\$326,850
Operating		\$25,000
Capital		\$330,000
<b>Total Stormwater Funding:</b>		<b>\$681,850</b>

\* Exploring financing over a 5-7 year timeframe

# Budget Timeline



# Budget Timeline



# Wrap Up



## Questions



## Discussion



# Thank You



**Bert Lumbreras**

*City Manager*



**Stephanie Reyes**

*Chief of Staff*



**Heather Hurlbert**

*Director of Finance*



**Melissa Neel**

*Assistance Director of Finance*